UNITED NATIONS

Distr.
GENERAL

ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN - ECLAC

LC/G.1816
LC/WAS/L.24/Rev.1
7 October 1994

ORIGINAL: ENGLISH

ECONOMIC SURVEY OF PUERTO RICO, 1993[1]

[1] Prepared by the ECLAC Washington Office.

94-8-1009

CONTENTS

		Page
Introduction		5
Part one: Economic trends in Puerto Rico in fiscal year 1993		7
I.	The domestic economy	7
	1. Macroeconomic aggregates	7
	2. Sectoral trends	8
	3. Employment	9
	4. Prices and incomes	9
	5. Public finances	10
	6. Credit markets	11
II.	International transactions	11
Part two: Specific issues		13
	1. Trade and investment links between Puerto Rico and the United States	13
	2. Use of section 936 funds to benefit the Caribbean	14
	3. Federal funds in Puerto Rico's economy	16
Part three: Statistical appendix		19

INTRODUCTION

This is the third time that the Washington office of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) has prepared a survey of the economy of Puerto Rico, following its admission as an associate member of ECLAC in May 1990 by resolution 505(XXIII). The structure of the survey follows, with some adaptations, the standard outline utilized for drafting the yearly surveys of the Latin American and Caribbean economies. It is divided into three parts: first, Puerto Rico's recent economic performance· second, some selected characteristics of its economy; and third, a statistical appendix.

PART ONE

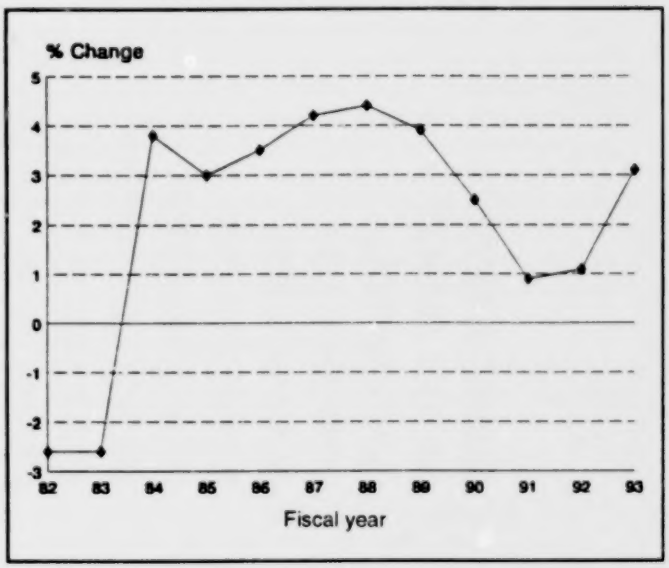
ECONOMIC TRENDS IN PUERTO RICO IN FISCAL YEAR 1993

I. THE DOMESTIC ECONOMY

During fiscal year 1993, the economy of the Commonwealth of Puerto Rico surged, with real gross domestic product (GDP) increasing by 3.1%. Despite growth and job creation, civilian unemployment increased to 16.8%, its highest level since 1987. The rate of price increases, as measured by the consumer price index, rose moderately from 2.1% in 1992 to 2.8% in 1993, which was still one of the lowest rates of the past five years (see appendix, table 1).

Puerto Rico's export sector continued to be hurt by the sluggishness of the United States economy, with exports declining by about 6%.

Figure 1: **Real gross domestic product**



1. Macroeconomic aggregates

After two years of slow growth, Puerto Rico's economy grew at the brisk pace of 3.1% in 1993, the fastest rate since 1988, when it grew by 4.4%.

Both consumption and investment experienced an upswing, expanding by 3.6% and 11.8%, respectively. Private consumption showed robust growth for the second year in a row, increasing at a rate of 4.2%, partly in response to the continued low rate of inflation and fewer regulatory constraints in the credit sector. The solid growth in durable goods, such as automobiles, furniture, electrical equipment and home furnishings, was due in part to the low interest rates for financing these purchases in fiscal year 1993. Government expenditures also increased for the second year in a row, but by only 1.1%. Gross domestic investment grew vigorously by 11.8%, almost twice as fast as in 1992, owing

largely to increases in investment of US$ 505.4 million in construction and US$ 535.6 million in machinery, which represented growth rates of 5.8% and 14%, respectively (see appendix, table 2).

The export sector, however, continued to be affected by the slow recovery on the United States mainland. Exports, which had grown by an average of over 15% between 1989 and 1991, fell by over 1% in 1992 and by 6% 1993.

Lastly, real personal income increased by 5.5%, owing mainly to an increase of about 9% in transfer payments to individuals.

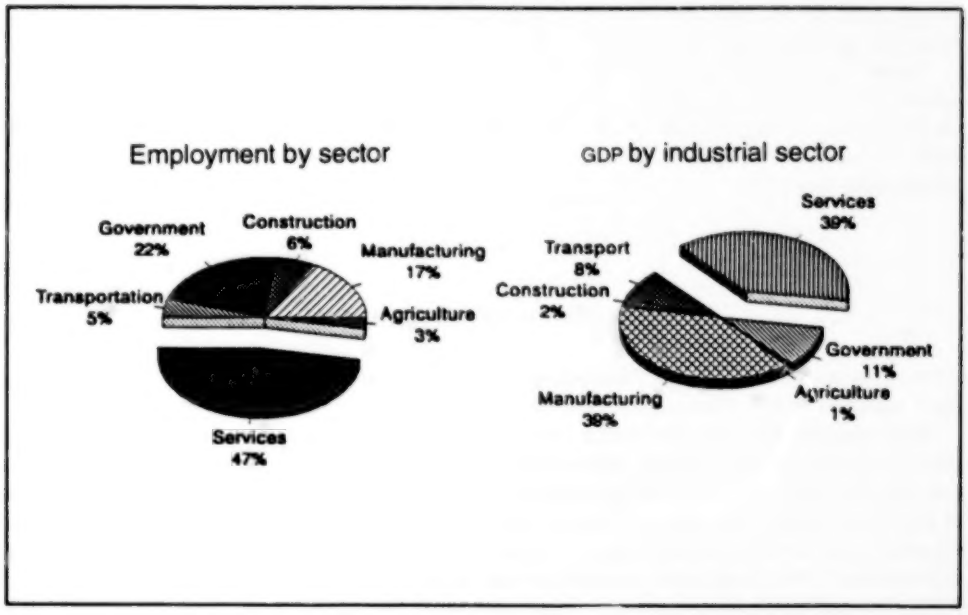
2. Sectoral trends

The manufacturing sector, which accounts for about 39% of Puerto Rico's gross domestic product, continued to be one of the strengths of the island's economy. In 1993, the manufacturing sector grew by 5.5%, after expanding at a rate of 5.8% the previous year (see appendix, table 3). In particular, output of pharmaceuticals, which represents half of total manufacturing output, grew by only 6.6%, compared to 9.4% in 1992. Machinery and chemical products increased by 5% and 8.2%, respectively (see appendix, table 4).

During 1993, investment in the construction industry surged by 10.7%, partly in response to low interest rates and high consumer confidence in the economy, and was a leading catalyst of economic growth in Puerto Rico. The private sector was the main source of growth, increasing 18.4% with respect to the previous year. In addition, the value of public construction increased by 5% (see appendix, table 5).

Gross agricultural income declined by 4.2%, falling for the fourth year in a row. All principal crops fell by 4.1%, with sugar continuing its declining trend of the past five years, decreasing by 5.2%. Livestock products decreased at a moderate pace of 1.7%, while fruits and vegetables decreased considerably by 15.5% (see appendix, table 6). Since hurricane Hugo hit the island in 1990, production in the non-commercial agricultural sector has been falling rapidly, causing a shift towards the technologically advanced commercial sector.

Figure 2: **GDP and employment by industrial sector**

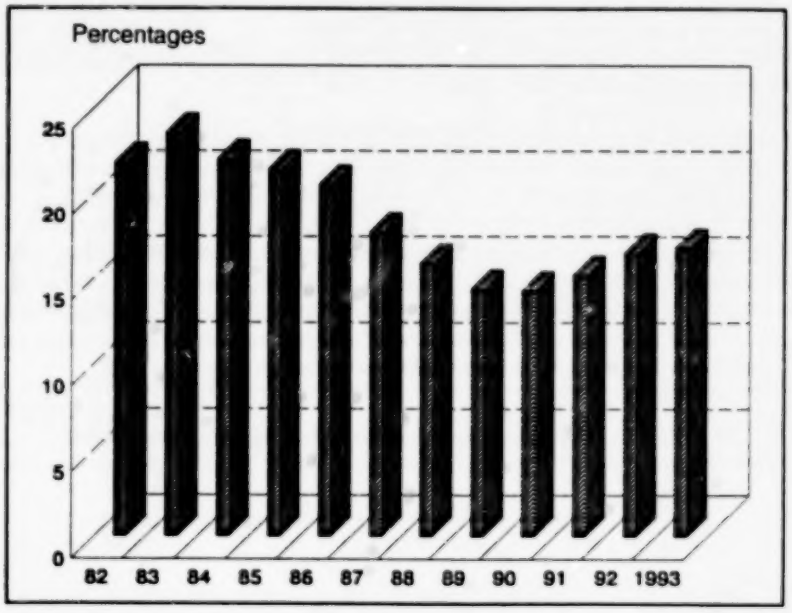


The number of tourists visiting the island increased by 4.0% in 1993 to a total of 3,871,119 persons. Total expenditure by tourists grew 7.2%, amounting to US$ 1.629 1 billion (see appendix, table 7). Hotel occupancy rates rose to 69.8%, an increase of 2.9% over the previous year. With the Persian Gulf war and the United States recession over, hotel registrations increased by 10.4% in 1993. Cruise ships now favour San Juan as their base of operations for Caribbean cruises.

3. Employment

Participation in the labour force increased in 1993 to 46.9%, with an average increase in the workforce of 31,000 people. Total employment, after remaining stagnant in 1991 and 1992, expanded by 2.3%, with the largest gains in services, construction and manufacturing. The unemployment rate, however, increased from 16.5% in 1992 to 16.8% in 1993, the highest level since 1987 (see appendix, table 8).

Figure 3: **Unemployment rate**



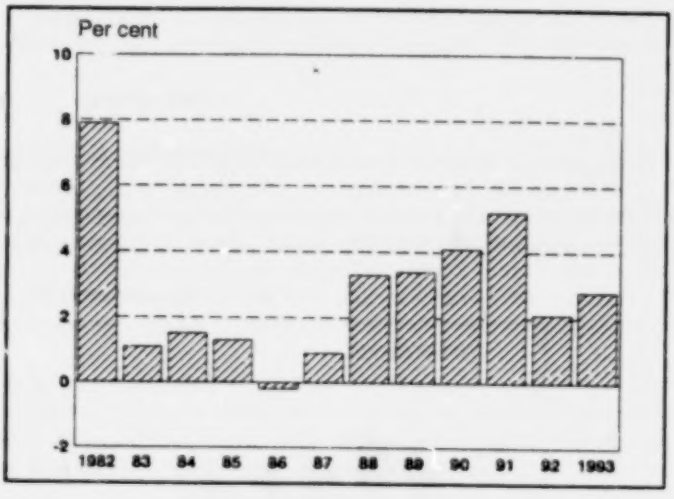
4. Prices and incomes

The rate of inflation, which had fallen for the first time in many years in 1992, increased slightly to 2.8%, though this rate was still the lowest since 1987. Most of the 1993 acceleration in the rate of inflation can be attributed to a 5.6% increase in medical costs, as well as a 5.5% rise in food prices. Declines of 2.4% in clothing prices and 1.4% in education and leisure costs helped to keep inflation at levels below those experienced between 1988 and 1991 (see appendix, table 9).

Personal income, which had risen by about 4.1% the previous year owing to an increase in transfer payments, expanded again in 1993 by 6.6% as a consequence of a 9.1% rise in transfer payments. Also, real personal income increased by 5.5%, reaching US$ 5.949 1 billion in fiscal year 1993. Per capita income, in turn, increased by 4.6% (see appendix, table 10).

5. Public finances

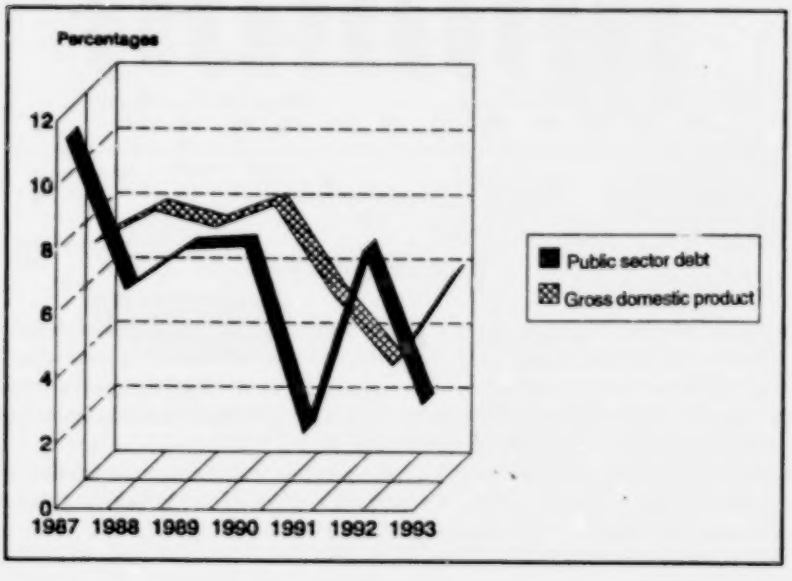
Figure 4: **Rate of inflation**



In fiscal year 1993, Puerto Rican government receipts rose by 3.3%, exceeding the US$ 6 billion level (see appendix, table 11). Income tax revenues, which had slowed to a growth rate of only 0.7% in 1992, increased slightly (by 2.8%) in 1993. The increase in the growth rate of direct taxes is attributable, for the most part, to a 10.7% rise in individual taxes. For the first time in many years, corporate taxes declined by 4.4%, while excise taxes swelled by 11.9%. Meanwhile, government expenditures increased by 6.3%, with employee remuneration accounting for about 50% of all expenditures (see appendix, table 12). Federal transfers to Puerto Rico amounted to US$ 7.2 billion, with transfers to individuals totalling US$ 5.3 billion, or 22% of personal income (see appendix, tables 13 and 14).

Puerto Rico's debt, including that of the Commonwealth, the municipalities and public corporations, amounted to US$ 14.2 billion in 1993, with the debt of public corporations accounting for 71% of the total debt (see appendix, table 15). In 1993, public sector debt increased by 3.0%.

Figure 5: **Public debt and gross domestic product (growth rates)**



6. Credit markets

In fiscal year 1993, the assets of the island's banking system amounted to US$ 34.8 billion, representing a slight decrease of 1.3%, after a strong upsurge of 7% in the previous period (see appendix, table 16). Assets of both savings and loans and commercial banks expanded marginally, by 4.4% and 2.1%, respectively, with the former growing for the first time in four years. Government bank assets, however, fell by 13.4%.

Total deposits in commercial banks remained at about US$ 18 billion, dropping by 0.1% relative to the previous period. Public funds increased slightly by 1.5%, following a 38.5% rise in 1992. Demand deposits and savings accounts grew by 11.8% and 12.1%, respectively, after experiencing considerable growth of 18% and 39% in 1992. The section 936 funds continued to play a major role in Puerto Rico's financial market, representing 32% of total private deposits in commercial banks (see appendix, table 17). The 936 funds, as they are called, are profits retained in Puerto Rico in response to the Commonwealth's industrial and tax incentives, as well as incentives granted under section 936 of the United States Internal Revenue Code (the possessions tax credit).

II. INTERNATIONAL TRANSACTIONS

Puerto Rico's merchandise trade surplus decreased to US$ 3.4 billion, its lowest level since 1989. This reflected a 6% decline in exports, resulting from the sluggish growth rate on the United States mainland, the island's main trading partner. Moreover, imports increased by 6.5%, following a fall in the previous year.

Manufacturing exports, which account for 99.3% of total exports, decreased by 5.8% in fiscal year 1993. Chemicals, which represent 43% of manufacturing exports, fell by 7% and pharmaceuticals, which make up about 75% of chemical exports, fell by 11.5%. Also, exports of non-electrical machinery and petroleum products fell sharply, while exports of electrical machinery increased by 68.8% (see appendix,

Figure 6: **Merchandise trade**

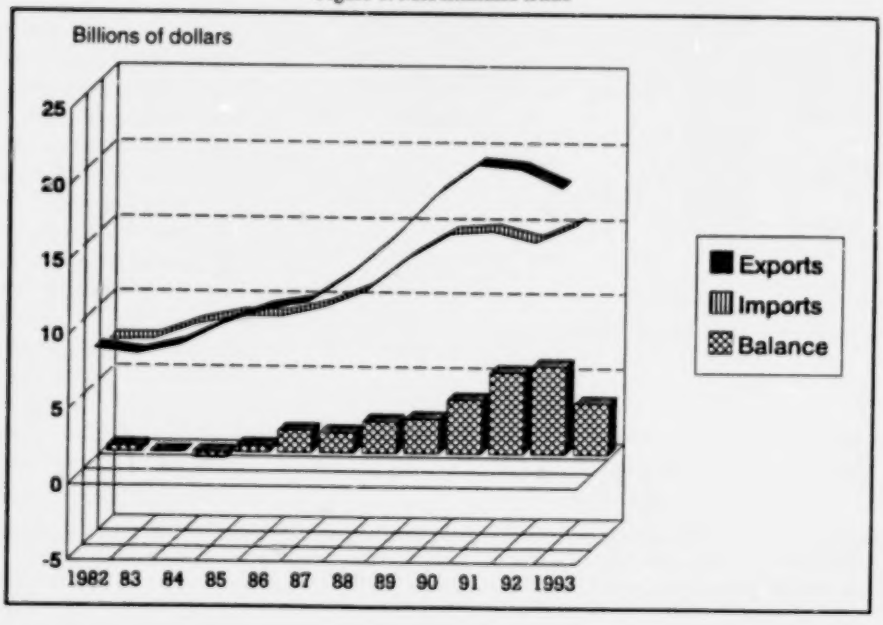


table 18). Meanwhile, the 6.5% increase in import growth, after a 3.3% drop the previous year, was also widespread, with the exception of apparel and textiles, petroleum products and other manufactures. The biggest jump was in imports from the United States which represented 85.3% of the total import increase for fiscal year 1993 (see appendix, table 19). Lastly, total trade with all regions decreased in 1993, mainly because exports to the mainland and to the Virgin Islands fell by US$ 1.360 6 billion and US$ 63.2 million, respectively (see appendix, table 20).

In fiscal year 1993, Puerto Rico's deficit in the balance of trade in goods and services, unilateral transfers and interest on the Commonwealth and municipal government debt increased by US$ 310.4 million (see appendix, table 21). Foreign investment in Puerto Rico decreased by about US$ 713 million, while Puerto Rico's investment abroad declined by US$ 361.3 million.

PART TWO

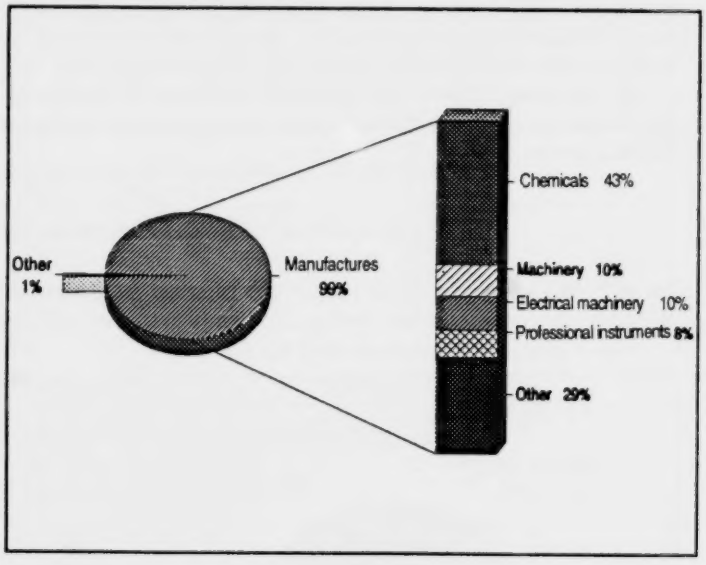
SPECIFIC ISSUES

1. Trade and investment links between Puerto Rico and the United States

Total trade with the United States, Puerto Rico's primary trading partner, amounted to US$ 28.4 billion in 1993. Exports to the United States represented 86.2% of all exports, totalling US$ 17.1 billion, while imports from that country accounted for 69.2% of Puerto Rico's total imports, amounting to US$ 11.3 billion. This makes Puerto Rico one of the top 10 purchasers of United States exports.

In this context, Puerto Rico's trade is led by its manufacturing sector, particularly its exports of chemical products such as drugs and pharmaceuticals. Puerto Rico supplies close to 25% of worldwide demand for drugs and 50% of United States imports of pharmaceuticals.

Figure 7: **Composition of exports, 1993**

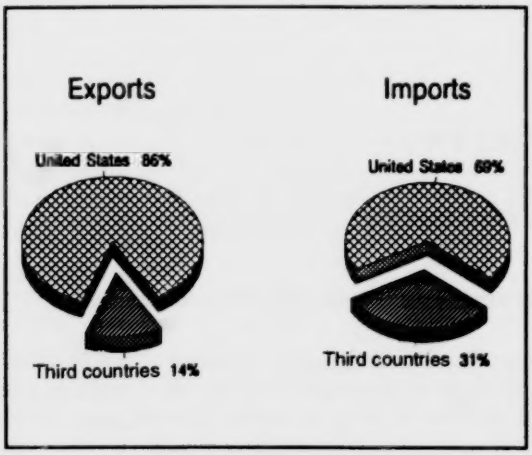


In addition to the active flow of goods between Puerto Rico and the mainland, capital flows from the latter are the primary source of investment in Puerto Rico. A substantial flow of capital to Puerto Rico has been fostered by legislation such as section 936 of the United States Internal Revenue Code (the possessions tax credit) and the Commonwealth's Industrial Incentives Act.

Under section 936, United States corporations can obtain tax credits against federal taxes on the income earned from business operations and certain financial investments in Puerto Rico.[1] Also, Puerto

[1] Specifically, United States corporations which meet certain requirements are eligible for a 100% offsetting tax credit against United States federal income taxes on earnings from their operations in Puerto Rico. To qualify for the credit, a firm must earn at least 80% of its gross income in Puerto Rico, for the three-year period preceding the close of the tax year. In addition, at least 75% of its income must be generated by the active conduct of trade or business in Puerto Rico, while up to 25% of its income can come from passive investments such as bank deposits, notes and bonds.

Figure 8 : **Trade by area, 1993**



Rico's Tax Incentives Act has historically granted tax exemption to both active and passive earnings. As a further inducement to keep profits on the island, Puerto Rico imposes a "toll-gate tax" applicable upon the repatriation of profits.

Low effective tax rates, competitive wages relative to the mainland and free trade with the United States have attracted capital investment to the island and spurred economic growth. In addition, owing to the tax incentives granted under section 936, many corporations operating in Puerto Rico with tax-exempt status elect to retain and deposit their profits in Puerto Rico, thereby helping to generate investment and employment.

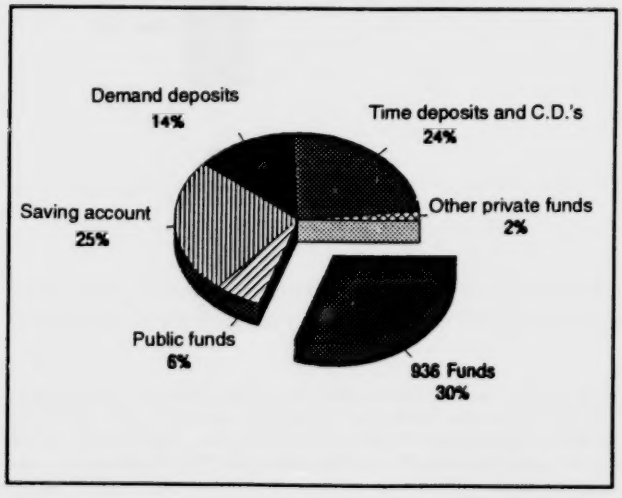
The attractiveness of the tax incentives have induced the corporations making these deposits on the island to accept a lower rate of return on their earnings. Hence, financial institutions in Puerto Rico can lend 936 funds at interest rates that are one to two points lower than market rates, leading to significant savings on finance costs. In this way, 936 funds provide a large pool of available credit for investment projects and development finance.

The 936 funds constitute the most important source of liquidity for financial intermediaries. These funds represent about one third of total commercial bank deposits and have helped to create a unique banking system.

2. Use of section 936 funds to benefit the Caribbean

In 1987, the Commonwealth of Puerto Rico launched the Caribbean Development Program (CDP), a comprehensive plan to make section 936 funds available to finance economic development and infrastructure projects in the Caribbean. CDP has promoted 147 projects in 14 countries in the Caribbean Basin. These projects have created more than 33,300 jobs in the Caribbean, and represent a total investment of over US$ 1,473 billion. Of this total, US$ 956 million has been financed through 936 funds.

Gráfico 9: **Commercial bank deposits, 1993**



CDP has three main objectives: to promote production sharing between plants in Puerto Rico and the Caribbean Basin countries; to use 936 funds in qualified projects; and to implement technical assistance and cooperation programmes.

Funds have been channelled to Jamaica, Trinidad and Tobago, the

Figure 10: **Investment promoted by Puerto Rico in CBI countries (936 financing and other investments)**

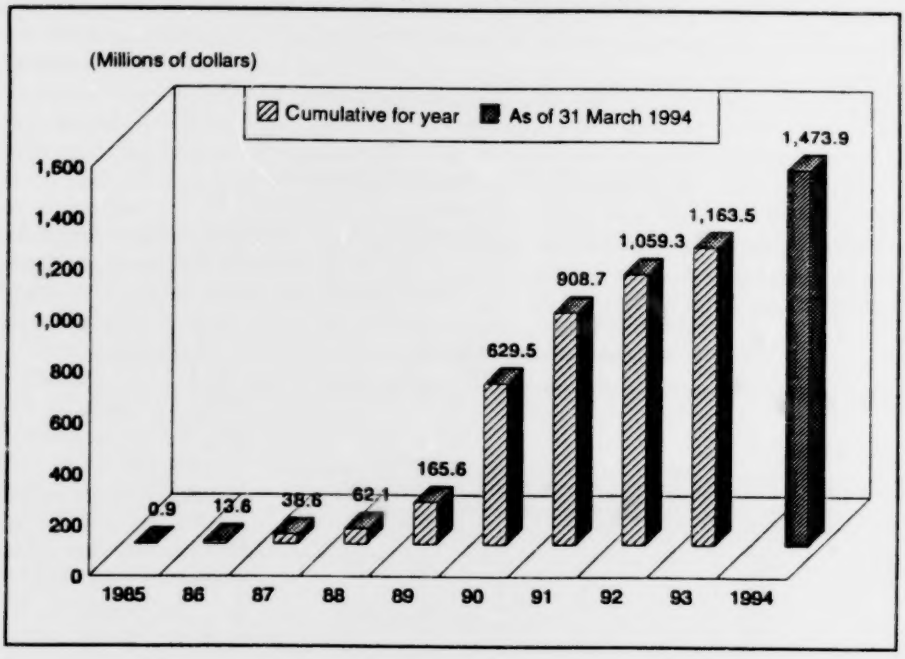
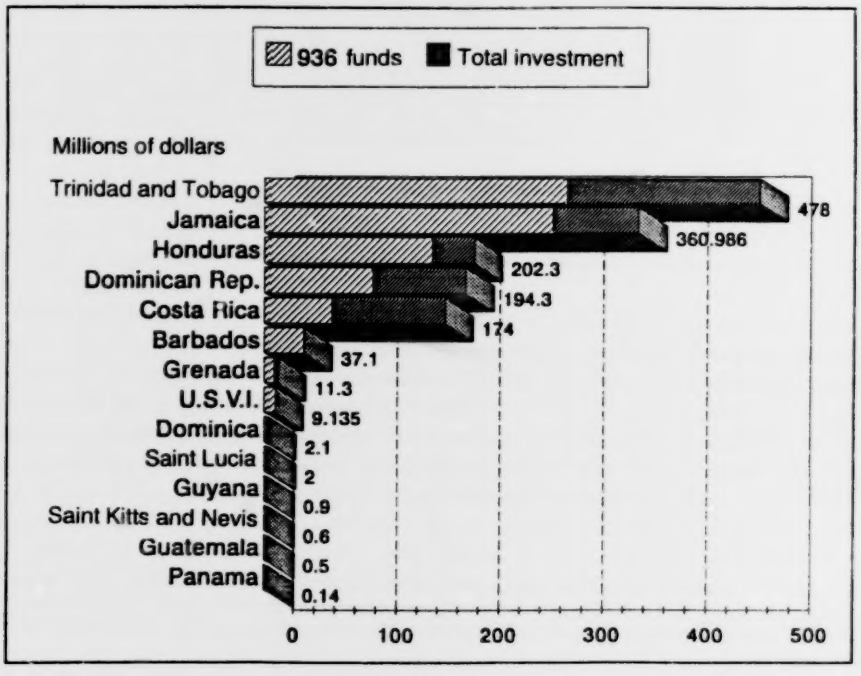


Figure 11: **Commonwealth 936 funds promoted for CBI countries**

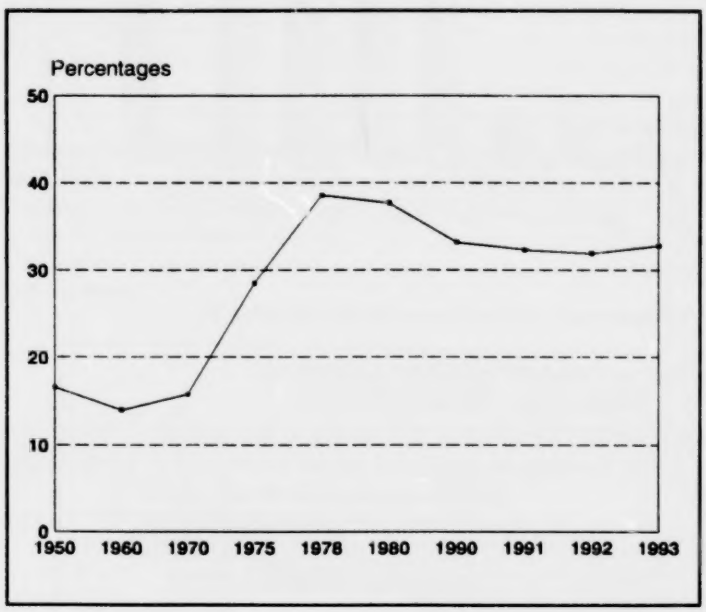


Dominican Republic, Honduras, Costa Rica, Barbados, the Virgin Islands, Grenada, Dominica, Guyana and Saint Lucia to finance projects in telecommunications, tourism infrastructure, manufacturing, food processing and agriculture. Lastly, overall links with Caribbean Basin countries have been strengthened. The volume of exports from Puerto Rico to the Caribbean Basin countries has increased by 58% over the past seven fiscal years, while imports have increased by 56% in the same period. These developments are making Puerto Rico the hub of the Caribbean regional economy.

3. Federal funds in Puerto Rico's economy

Puerto Rico, a United States Commonwealth since 1952, has been closely linked to the United States mainland, as indicated by the share of federal funds in the island's economy over the years.[2] Between 1950 and 1970, federal funds accounted for about 15% of Puerto Rico's GNP. In the 1970s, however, federal funds increased considerably. In just two years, the proportion of federal funds in Puerto Rico's economy rose from 19.6% of GNP in 1974 to over 32% of GNP in 1976. In 1978, the share of federal funds in the island's economy peaked at 38.6%.

Figure 12: **Federal funds as a % of GNP**



The increase in federal funds resulted primarily from the implementation of the Food Stamp Program, initiated in 1973 in response to the oil crisis of that year, which seriously affected Puerto Rico's oil industry and, eventually, its manufacturing industry. Federal transfers greatly softened the impact of the oil shock and the effects of the negative factors acting on the island's economy at that time. Since 1983, however, the share of federal funds in GNP has been declining gradually.

A commonly held view is that Puerto Rico is becoming increasingly dependent on welfare assistance from the United States mainland. However, a closer look at federal transfers to individuals –the main component of the federal funds flowing into Puerto Rico– does not support this view, since it reveals a gradual decline not only in the share of federal transfers in personal income, but also in the proportion of granted transfers relative to earned transfers.

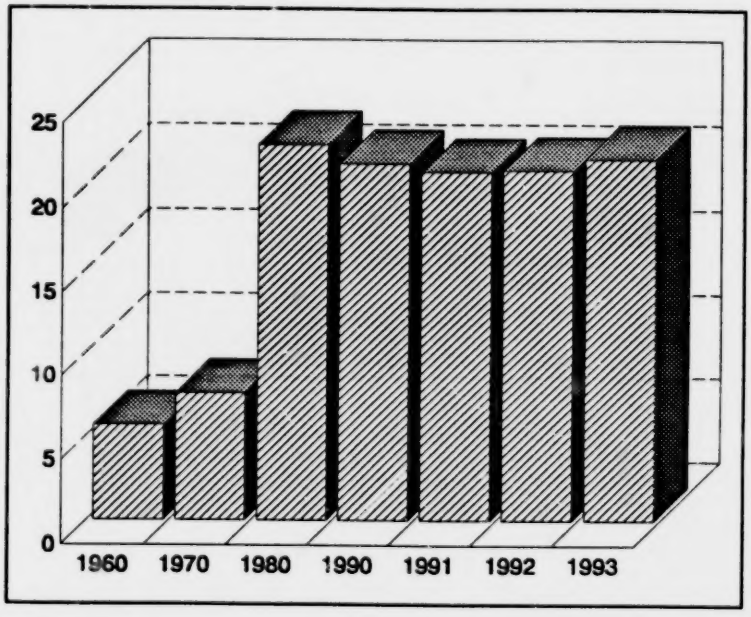
---

[2] Federal funds are the sum total of transfers from the Federal Government to Puerto Rico. They fall into four categories: 1) net operating expenditures of federal agencies in Puerto Rico, 2) transfers between Puerto Rico and the Federal Government, state governments and other non-residents, 3) federal transfers received by government sectors for joint projects, and 4) customs duties and United States excises.

To be sure, federal transfer payments, which rose sharply in the mid-1970s, still make a significant contribution to personal income. Federal transfers to individuals, which represented about 5.6% and 7.5% of personal income in 1960 and 1970, respectively, have contributed over 20% of personal income in the past two decades. In 1993, federal transfers to individuals amounted to US$ 5.303 4 billion, or 22% of personal income.

However, the composition of transfers to individuals has changed over time. The Puerto Rico Planning Board classifies transfer payments as either "earned transfers" or "granted transfers". Earned transfers include payments received for previously rendered services or previous payments to the Federal Government. For instance, they include, veterans' pensions and social security payments, which represent the bulk of the transfers. Granted transfers, on the other hand, are given unilaterally, *inter alia* under the nutrition programme or as scholarships or housing aid. The nutrition programme accounts for the largest share of granted transfers.

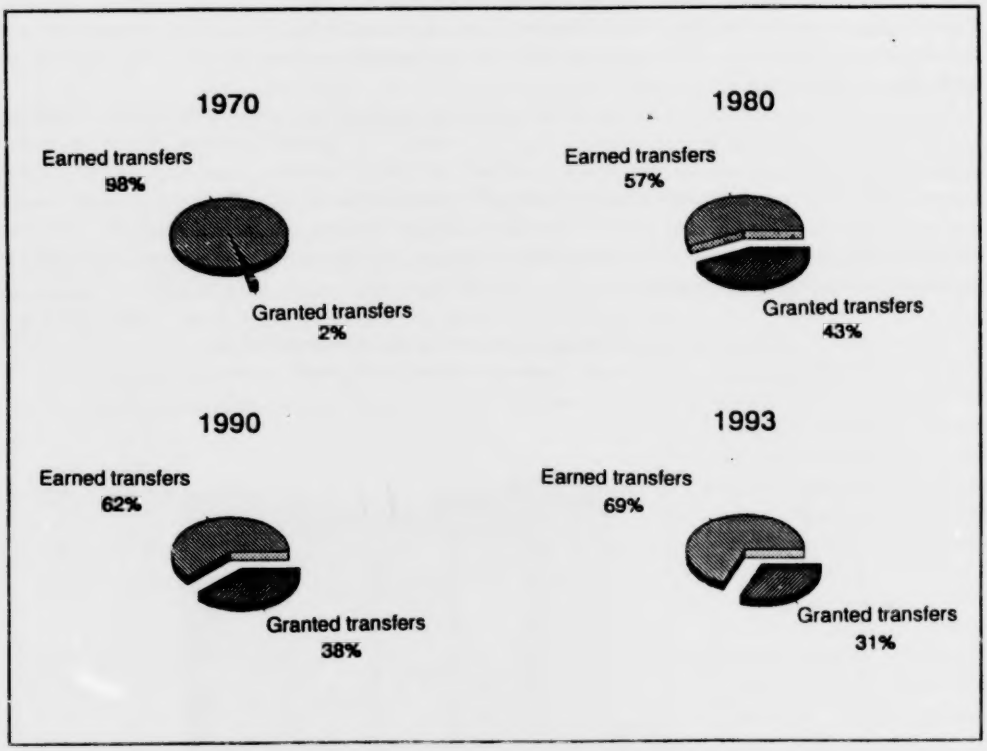
Figure 13: **Federal transfers as a percentage of personal income**



In 1993, earned transfers represented close to 70% of all transfers to individuals, while granted transfers accounted for 30%. More importantly, the relative proportion of earned transfers has been increasing steadily. In 1980, for instance, earned transfers made up 57% of federal transfers to individuals; by 1990, they had already risen to over 60%.

Lastly, Puerto Rico's participation in federal income support and health care programmes differs from that of the states. In certain programmes, such as social security, unemployment insurance and child nutrition, Puerto Ricans are treated as residents of the United States. In others, such as Aid to Families with Dependent Children and Adult Assistance, they are treated differently in that federal funding is capped and benefits are lower. In health care programmes, the level of funding for Puerto Rico in both the federal Medicaid and Medicare programmes is lower than the level for the mainland.

Figure 14: **Composition of federal transfers**



PART THREE

STATISTICAL APPENDIX

Table 1
MAIN ECONOMIC INDICATORS

	1989	1990	1991	1992	1993
			Growth rates		
Real gross domestic product	3.9	2.5	0.9	1.1	3.1
Rate of inflation	3.4	4.1	5.2	2.1	2.8
Real wages	0.8	-0.8	4.7	5.6	6.9
			Percentages		
Unemployment rate	14.4	14.3	15.2	16.5	16.8
			Millions of dollars		
Merchandise exports	16 354.9	19 305.4	21 323.0	21 051.2	19 790.7
Merchandise imports	14 042.8	15 721.6	15 904.3	15 387.3	16 385.9
Balance of trade in goods and services, unilateral transfers and interest	-4 017.7	-3 296.1	-2 696.0	-3 371.6	-3 682.0
			Thousands		
Population	3 479	3 513	3 538	3 564	3 600

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

Table 2
REAL GROSS DOMESTIC PRODUCT

	Growth Rates				
	1989	1990	1991	1992	1993[a]
Global supply	5.4	4.8	0.2	0.7	0.8
Gross domestic product	3.9	2.5	0.9	1.1	3.1
Imports	6.5	6.4	-0.2	0.5	-0.8
Global demand	5.4	4.8	0.2	0.7	0.8
Consumption	2.6	2.3	-1.0	2.9	3.6
Private	1.1	2.0	-1.2	3.6	4.2
Government	8.8	3.2	-0.5	0.2	1.1
Investment	13.5	1.4	-7.7	6.9	11.8
Fixed	7.6	2.8	1.7	-1.2	9.9
Construction	1.6	4.9	3.6	-2.7	5.8
Machinery	14.1	0.7	-0.3	0.4	14.0
Inventory change	-	-	-	-	-
Exports	8.0	9.4	3.6	-3.2	-5.4

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Preliminary figures.

Table 3

GROSS DOMESTIC PRODUCT BY INDUSTRIAL SECTOR [a]

	Millions of dollars: fiscal years					% share		Growth rates				
	1989	1990	1991	1992	1993[b]	1980	1993	1989	1990	1991	1992	1993[b]
Gross domestic product	28 266.8	30 603.8	32 287.0	34 004	35834	100.0	100.0	8.0	8.3	5.5	5.3	5.4
Agriculture	443.1	434.1	449.3	419.7	409.6	2.3	1.1	11.1	-2.0	3.5	-6.6	-2.4
Manufacturing	11 133.2	12 125.8	12 661.3	13 392	14 133	36.3	39.4	5.9	8.9	4.4	5.8	5.5
Construction and mining	662.1	719.9	770.2	796.9	823.2	2.8	2.3	20.2	8.7	7.0	3.5	3.3
Transport	2 314.5	2 468.1	2 670.7	2 808.1	2 948.2	8.5	8.2	2.3	6.6	8.2	5.1	5.0
Trade	4 376.0	4 728.3	4 832.1	5 048.8	5 381.8	15.4	15.0	6.1	8.1	2.2	4.5	6.6
Finance, insurance and real estate	3 750.1	3 895.8	4 307.6	4 634.3	4 763	10.1	13.3	5.8	3.9	10.6	7.6	2.8
Services	2 699.4	3 015.3	3 321.6	3 573.7	3 848.7	8.6	10.7	7.8	11.7	10.2	7.6	7.7
Government	3 186.9	3 327.2	3 522.0	3 672.0	3 899.8	12.9	10.9	9.2	4.7	5.5	4.3	6.2

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] The sums of individual entries differ from the totals shown owing to statistical discrepancies. [b] Preliminary figures.

Table 4

GROSS DOMESTIC MANUFACTURING PRODUCT

	Millions of dollars					Growth rates				
	1989	1990	1991	1992	1993[a]	1989	1990	1991	1992	1993[a]
Gross manufacturing product	11 133.2	12 125.8	12 661.3	13 391.9	14 132.5	5.9	8.9	4.4	5.8	5.5
Pharmaceuticals	4 380.7	4 989.6	5 762.8	6 304.5	6 719.7	3.1	13.9	15.5	9.4	6.6
Machinery and metal products	2 991.7	3 204.6	2 803.7	2 812.4	2 952.6	3.8	7.1	-12.5	0.3	5.0
Food products	1 540.1	1 790.6	2 031.7	1 955.7	1 990.3	12.1	16.3	13.5	-3.7	1.8
Apparel	490.3	485.8	491.2	520.4	568.7	-1.3	-0.9	1.1	5.9	9.3
Petrochemicals and other chemical products	413.8	383.3	388.0	393.1	425.2	60.3	-7.4	1.2	1.3	8.2
Stone, clay and glass products	173.9	177.0	184.4	185.3	197.0	-0.3	1.8	4.2	0.5	6.3
Tobacco products	164.1	170.7	159.2	185.2	193.3	-3.0	4.0	-6.7	16.3	4.4
Petroleum and petroleum products	271.5	204.7	101.2	266.6	245.9	37.8	-24.6	-50.6	163.4	-7.8
Textiles	49.2	41.8	42.5	45.3	44.5	-5.6	-15.0	1.7	6.6	-1.8
Other	657.9	677.7	696.6	723.4	795.3	-0.6	3.0	2.8	3.8	9.9
Other indicators										
Electricity consumption [b]										
Industrial	3 358.9	3 414.8	3 555.9	3 445.8	3 521.9	7.3	1.7	4.1	-3.1	2.2
Commercial	4 203.3	4 306.2	4 630.9	5 082.1	5 270.7	4.5	2.4	7.5	9.7	3.7

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Preliminary figures. [b] Millions of kilowatts per hour (kWh).

Table 5
CONSTRUCTION ACTIVITY INDICATORS

	Millions of dollars					Growth rates				
	1989	1990	1991	1992	1993[a]	1989	1990	1991	1992	1993[a]
Value of construction	2 307.4	2 493.4	2 633.2	2 644.3	2 926.0	6.7	8.1	5.6	0.4	10 7
Private	970.2	1 089.3	1 170.2	1 114.1	1 319.1	11.2	12.3	7.4	-4.8	18.4
Public	1 337.2	1 404.1	1 463.0	1530.1	1606.9	3.7	5.0	4.2	4.6	5.0
Value of permits										
Granted	870.3	883.3	996.8	877.7	1 006.6	13.0	1.5	12.8	-11.9	14.7
Private	605.3	646.6	762.3	687.0	723.3	21.8	6.8	17.9	-9.9	5.3
Residential	349.7	340.2	407.4	352.1	384.3	23.1	-2.7	19.8	-13.6	9.1
Non-residential	255.6	306.4	354.9	334.9	339.0	20.1	19.9	15.8	-5.6	1.2
Public	264.9	236.8	234.6	190.7	283.3	-3.2	-10.6	-0.9	-18.7	48.6
Residential	41.7	42.9	55.2	15.3	111.3	12.1	2.9	28.7	-72.3	627.5
Non-residential	223.1	193.9	179.4	175.4	172.0	-5.7	-13.1	-7.5	-2.2	-1.9
Cement[b]										
Production	29.5	30.6	30.4	29.7	30.6	8.1	3.7	-0.7	-2.3	3.0
Sales	30.1	30.9	30.4	30.1	30.5	1.0	2.7	-1.6	-1.0	1.3

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Preliminary figures. [b] Thousands of 94lb. bags.

Table 6
INDICATORS OF AGRICULTURAL OUTPUT

	Millions of dollars					Growth rates				
	1989	1990	1991	1992	1993[a]	1989	1990	1991	1992	1993[a]
Gross value	729.4	727.4	725.1	722	691.6	6.4	-0.3	-0.3	-0.4	-4.2
Principal crops	83.0	70.2	69.4	80.1	76.8	3.2	-15.4	-1.1	15.4	-4.1
Sugar	22.5	17.4	17.2	15.5	14.7	-8.5	-22.7	-1.1	-9.9	-5.2
Coffee	58.3	51.5	50.6	63.1	60.8	10.2	-11.7	-1.7	24.7	-3.6
Other	2.2	1.3	1.6	1.5	1.3	-21.4	-40.9	23.1	-6.3	-13.3
Livestock products	419.3	425.4	415.2	415.4	408.2	5.7	1.5	-2.4	0.0	-1.7
Milk	196.1	201.6	199.6	195.6	191.1	9.3	2.8	-1.0	-2.0	-2.3
Eggs	22.4	18.6	22.5	24	25.1	-7.1	-17.0	21.0	6.7	4.6
Beef and pork	99.7	103.3	82.6	83.6	76.8	1.8	3.6	-20.0	1.2	-8.1
Poultry	80.6	77.4	85.3	87.6	90.3	6.9	-4.0	10.2	2.7	3.1
Other	20.6	24.4	25.2	24.6	24.9	4.0	18.4	3.3	-2.4	1.2
Vegetables and legumes	98.9	99.6	99.8	85.9	72.6	18.0	0.7	0.2	-13.9	-15.5
Fruit	39.0	36.5	41.7	38.4	34.1	-0.3	-6.4	14.2	-7.9	-11.2
Other	89.3	95.9	99.1	102.1	100	4.2	7.4	3.3	3.0	-2.1

Source: ECLAC, on the basis of data from the Puerto Rico Department of Agriculture.
[a] Preliminary figures.

Table 7
TOURISM

	1989	1990	1991	1992	1993	Growth rates 1989	1990	1991	1992	1993
Visitors										
Number [a]	3 221.2	3 425.8	3 504.3	3 722.2	3 871.1	7.2	6.4	2.3	6.2	4.0
Expenditure [b]	1 254.0	1 366.4	1 435.7	1 520.0	1 629.1	11.8	9.0	5.1	5.9	7.2
Hotels										
Occupancy rate (%)	74.4	73.8	69.9	67.8	69.8	0.0	-0.8	-5.3	-3.0	2.9

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Thousands of people. [b] Millions of dollars.

Table 8
EMPLOYMENT AND UNEMPLOYMENT

	Thousands					Growth rates				
	1989	1990	1991	1992	1993[a]	1989	1990	1991	1992	1993[a]
Civilian population [b]	2 435.0	2 473.0	2 515.0	2 536.0	2 562.0	1.0	1.6	1.7	0.8	1.0
Labour force	1 108.0	1 124.0	1 152.0	1 170.0	1 201.0	2.5	1.4	2.5	1.6	2.6
Participation rate (%)	45.5	45.5	45.8	46.2	46.9					
Unemployment rate (%)	14.4	14.3	15.2	16.5	16.8					
Agricultural employment	37.0	36.0	35.0	34.0	34.0	15.6	-2.7	-2.8	-2.9	0.0
Non-agricultural employment	941.0	927.0	942.0	943.0	965.0	7.3	-1.5	1.6	0.1	2.3
Non-agricultural										
Manufacturing	165.0	168.0	164.0	164.0	168.0	1.2	1.8	-2.4	0.0	2.4
Construction	54.0	55.0	55.0	55.0	58.0	8.0	1.9	0.0	0.0	5.5
Services	419.0	421.0	448.0	449.0	468.0	4.8	0.5	6.4	0.2	4.2
Transport and public utilities	53.0	60.0	58.0	54.0	54.0	1.9	13.2	-3.3	-6.9	0.0
Government	219.0	222.0	217.0	219.0	217.0	4.8	1.4	-2.3	0.9	-0.9

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Preliminary figures. [b] Aged 16 and over.

Table 9
CONSUMER PRICES

	1988	1989	1990	1991	1992	1993[a]
Consumer price index [b]	3.3	3.4	4.1	5.2	2.1	2.8
Food	2.9	4.9	6.8	6.8	5.3	5.5
Housing	2.4	1.1	3.4	3.9	0.4	1.9
Clothing	0.8	0.4	-2.8	-1.0	-3.6	-2.4
Transport	5.4	5.2	2.5	8.3	1.4	1.8
Medical costs	7.2	5.1	5.5	5.2	7.1	5.6
Education and leisure	1.9	1.7	5.3	4.6	0.3	-1.4
Other	2.9	3.8	5.0	3.2	0.3	0.6

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board
[a] Preliminary figures. [b] 1967=100.

Table 10
INCOME AND WAGE INDICATORS

	Growth rates					
	1988	1989	1990	1991	1992	1993
Income						
Per capita disposable personal income [a]	3.7	3.5	5.7	-1.4	1.5	4.6
Wages						
Manufacturing [b]	-1.0	0.0	0.2	0.0	4.1	4.2

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Constant prices. [b] Average weekly real wages (Puerto Rico Planning Board).

Table 11
GOVERMENT RECEIPTS

	Millions of dollars					Growth rates				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
Recurrent receipts	5 481.4	5 775.6	5 788.2	5 900.2	6 095.0	8.5	5.4	0.2	1.9	3.3
From State sources	3 407.4	3 500.9	3 748.5	3 752.1	3 972.3	9.6	2.7	7.1	0.1	5.9
Income taxes	1 857.9	2 065.8	2 331.5	2 347.5	2 412.4	3.5	11.2	12.9	0.7	2.8
Individual	869.4	1025.1	1123.7	1122.3	1241.9	6.2	17.9	9.6	-0.1	10.7
Corporate	791.9	843.8	941.9	1032.5	987.4	7.3	6.6	11.6	9.6	-4.4
Other [a]	196.6	196.9	265.9	192.7	183.1	-17.7	0.2	35.0	-27.5	-5.0
Excise taxes	938.6	985.7	951.2	982.3	1099.2	5.3	5.0	-3.5	3.3	11.9
Other taxes [b]	202.7	217.2	244.7	127.8	137.1	-2.8	7.2	12.7	-47.8	7.3
Non-taxable receipts [c]	408.1	232.2	221.0	294.4	323.7	89.7	-43.1	-4.8	33.2	10.0
Non-State sources	2 074.0	2 274.7	2 039.7	2 148.1	2 122.7	6.8	9.7	-10.3	5.3	-1.2
Federal grants	1 744.2	1 954.9	1 731.4	1 845	1 852.2	6.7	12.1	-11.4	6.6	0.4
Other [d]	329.9	319.7	308.3	303.1	270.4	7.8	-3.1	-3.6	-1.7	-10.8

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Withheld from non-residents, toll-gate tax, certificates of deposit, interest subject to 17%, interest on dividends. [b] Property taxes, inheritance and gift taxes, licences. [c] Lottery proceeds, permits, fees, other income. [d] United States customs duties and United States excise taxes on off-shore shipments are returned to Puerto Rico by the United States Treasury after deducting collection costs.

Table 12

COMMONWEALTH GOVERNMENT EXPENDITURES

	Millions of dollars					Growth rates				
	1989	1990	1991	1992	1993[a]	1989	1990	1991	1992	1993[a]
Total expenditures	**6 083.1**	**6 648.3**	**7 038.2**	**7 346.7**	**7 809.9**	**8.6**	**9.3**	**5.9**	**4.4**	**6.3**
Purchases of goods and services	4 415.7	4 763.0	5 049.0	5 315.1	5 643.0	10.0	7.9	6.0	5.3	6.2
Employee remuneration	3 186.9	3 337.2	3 522.0	3 672.0	3 899.8	9.2	4.7	5.5	4.3	6.2
Other purchases	1 700.0	1 900.1	2 015.1	2 239.3	2 401.9	14.3	11.8	6.1	11.1	7.3
Capital expenditures	471.3	474.3	488.1	596.2	658.7	20.3	0.6	2.9	22.1	10.5
Debt service	324.8	363.1	419.8	393.5	415.6	11.1	11.8	15.6	-6.3	5.6
Residents	126.5	160.4	188.6	160.7	147.7	21.8	26.8	17.6	-14.8	-8.1
Non-residents	198.3	202 7	231.2	232.8	267.9	5.3	2.2	14.1	0.7	15.1
Subsidies	271.9	378.6	355.3	342.5	336.4	6.7	39.2	-6.2	-3.6	-1.8
Transfers to individuals	868.3	934.6	1 008.4	1 118.3	1 238.5	1.6	7.6	7.9	10.9	10.7
Pensions	354.8	379.7	405.2	441.2	485.4	12.2	7.0	6.7	8.9	10.0
Unemployment coupons	108.7	142.8	197.7	250.5	320.1	7.6	31.4	38.4	26.7	27.8
Insurance fund	102.2	119.4	129.1	132.6	145.0	19.1	16.8	8.1	2.7	9.4
Public welfare	102.7	104.6	106.5	111.7	114.0	2.6	1.9	1.8	4.9	2.1
Donations	37.0	37.0	38.5	42.1	42.2	-0.5	0.0	4.1	9.4	0.2
Other	162.9	151.4	131.4	205.2	131.8	-23.9	-7.1	-13.2	56.2	-35.8
Transfers to Federal Goverment	202.4	209.0	205.8	177.4	176.3	8.1	3.3	-1.5	-13.8	-0.6
Contributions to unemployment fund	202.4	209.0	205.8	177.4	176.3	8.1	3.3	-1.5	-13.8	-0.6

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

[a] Preliminary figures.

Table 13

TRANSFERS BETWEEN PUERTO RICO AND THE FEDERAL GOVERNMENT STATE GOVERNMENTS, AND OTHER NON-RESIDENTS

	Millions of dollars					Growth rates				
	1989	1990	1991	1992	1993[a]	1989	1990	1991	1992	1993[a]
Total receipts	**4 288.8**	**4 870.9**	**4 973.2**	**5 107.8**	**5 589.5**	**5.3**	**13.6**	**2.1**	**2.7**	**9.4**
Federal Government	4 082.3	4 648.5	4 708.5	4 903.4	5 396.9	6.3	13.9	1.3	4.1	10.1
Transfers to individuals	4 014.0	4 576.9	4 633.2	4 817.8	5 303.4	6.7	14.0	1.2	4.0	10.1
Social security benefits	1 940.6	2 055.0	2 242.5	2 315.1	2 658.8	6.3	5.9	9.1	3.2	14.8
Medicare	320.4	368.1	414.9	487.1	516.6	9.8	14.9	12.7	17.4	6.1
Veterans' benefits	337.3	349.1	369.9	383.1	409.0	4.4	3.5	6.0	3.6	6.8
Nutritional assistance	852.7	880.1	915.6	956.7	975.1	3.7	3.2	4.0	4.5	1.9
Other[b]	563.0	924.6	690.4	675.9	743.8	13.1	64.2	-25.3	-2.1	10.0
Subsidies to industry	68.4	71.6	75.3	85.5	93.5	-14.0	4.7	5.2	13.5	9.4
State governments	15.9	17.5	18.0	29.3	32.9 3.2	10.1	2.9	62.8	12.3	
Other non-residents	190.6	205.0	246.6	175.1	159.7	-12.2	7.6	20.3	-29.0	-8.8
Total payments	**1 663.6**	**1 800.7**	**1 856.8**	**1 974.7**	**2 090**	**9.2**	**8.2**	**3.1**	**6.3**	**5.8**
Federal Government	1 650.9	1 755.5	1 839.4	1 905.3	2 021.6	9.2	6.3	4.8	3.6	6.1
Transfers from individuals	765.5	817.4	863.8	914.3	980.6	10.6	6.8	5.7	5.8	7.3
Transfers from industry	15.1	16.1	18.8	24.2	25.8	0.0	6.6	16.8	28.7	6.6
Employers' contributions	633.3	675.2	714.3	757.5	807.2	8.8	6.6	5.8	6.0	6.6
Unemployment insurance	237.0	246.9	242.6	209.3	208.1	6.2	4.2	-1.7	-13.7	-0.6
Other non-residents	12.6	45.2	17.4	69.4	68.3	12.5	258.7	-61.5	298.9	-1.6

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

[a] Preliminary figures. [b] Includes scholarships, student loan interest subsidies, United States civil service retirement pensions, housing assistance, assistance to families in disaster areas, transfers to private non-profit institutions and other transfers.

Table 14

FEDERAL TRANSFERS FOR JOINT PROJECTS AND OPERATIONAL EXPENSES

	Millions of dollars					Growth rates				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
Total	**1 220.1**	**1 417.3**	**1 480.4**	**1 453.0**	**1 581.1**	**4.7**	**16.2**	**4.5**	**-1.9**	**8.8**
Commonwealth										
Central Government	798.3	768.2	860.5	818.1	912.2	8.9	-3.8	12.0	-4.9	11.5
Public enterprises	152.2	310.8	269.3	275.6	278.0	-5.7	104.2	-13.4	2.3	0.9
Municipalities	142.7	173.1	144.2	146.3	148.0	-7.6	21.3	-16.7	1.5	1.2
Other	127.0	165.3	206.4	213.0	242.7	8.8	30.2	24.9	3.2	13.9

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

Table 15
GROSS PUBLIC DEBT

	Millions of dollars					Growth rates				
	1989	1990	1991	1992	1993[a]	1989	1990	1991	1992	1993[a]
Total	**11 646**	**12 565**	**12 824**	**13 822**	**14.242**	**7.8**	**7.9**	**2.1**	**7.8**	**3.0**
Commonwealth	2 967.0	3 195.9	3 113.6	3 401.9	3 603.4	12.5	7.7	-2.6	9.3	5.9
Municipalities	399.4	389.9	415.2	499.2	536.5	0.9	-2.4	6.5	20.2	7.5
Public enterprises[b]	8 279.3	8 978.9	9 095.5	9 920.6	10 102	6.5	8.4	1.3	9.1	1.8

Source: ECLAC, on the basis of data from the Government Development Bank for Puerto Rico.
[a] Preliminary figures. [b] The Highway Authority and the University of Puerto Rico are included in the Commonwealth Government.

Table 16
TOTAL ASSETS OF THE BANKING SYSTEM
(As of 30 June)

	Millions of dollars					Growth rates				
	1989	1990	1991	1992	1993[a]	1989	1990	1991	1992	1993[a]
Total	**34 068**	**34 667**	**33 007**	**35 317**	**34 847**	**9.1**	**1.8**	**-4.8**	**7.0**	**-1.3**
Commercial banks	20 238	20 761	20 426	22 675	23 156	10.5	2.6	-1.6	11.0	2.1
Savings and loans	7 032.3	6 932.1	5 367.6	4 197.0	4 380.2	5.6	-1.4	-22.6	-21.8	4.4
Government banks	6 797.7	6 974.2	7 212.9	8 445.1	7 310.6	8.7	2.6	3.4	17.1	-13.4

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Preliminary figures.

Table 17
DEPOSITS IN COMMERCIAL BANKS
(As of 30 June)

	Millions of dollars					Growth rates			
	1989	1990	1991	1992	1993[a]	1990	1991	1992	1993[a]
Total deposits	**17 363.6**	**18 500.3**	**17 238.3**	**18 377.2**	**18 353.7**	**6.5**	**-6.8**	**6.6**	**-0.1**
Public funds	893.2	944.2	786.8	1 089.6	1 105.6	5.7	-16.7	38.5	1.5
Commonwealth Government	853.9	926.0	753.9	1 061.1	1 089.8	8.4	-18.6	40.7	2.7
United States Government and other	39.3	18.2	32.9	28.5	15.8	-53.7	80.8	-13.4	-44.6
Private funds	16 470.3	17 556.1	16 451.5	17 287.6	17 248.1	6.6	-6.3	5.1	-0.2
Demand deposits	1 772.9	1 890.2	1 873.9	2 223.7	2 486.8	6.6	-0.9	18.7	11.8
Savings accounts	2 307.9	2 557.6	2 964.7	4 078.8	4 572.0	10.8	15.9	37.6	12.1
Time deposits and C.D.s	5 515.9	6 195.2	5 444.1	4 956.1	4 325.9	12.3	-12.1	-9.0	-12.7
936 funds	6 489.1	6 569.5	5 696.5	5 669.5	5 516.6	1.2	-13.3	-0.5	-2.7
Other private funds	384.5	343.6	472.2	359.4	346.8	-10.6	37.4	-23.9	-3.5

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Preliminary figures.

Table 18
MERCHANDISE EXPORTS

	Millions of dollars: fiscal years					Growth rates				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
Total exports	**16 354.9**	**19 305.4**	**21 323.0**	**21 051.2**	**19 790.7**	**17.2**	**18.0**	**10.5**	**-1.3**	**-6.0**
Agriculture	80.5	105.7	114.2	111.3	78.4	-5.5	31.3	8.0	-2.5	-29.6
Mining	4.8	22.9	26.2	20.8	16.0	-30.4	377.1	14.4	-20.6	-23.1
Manufacturing	16 164.4	19 085.5	21 104.9	20 877.2	19 657.0	17.7	18.1	10.6	-1.1	-5.8
Food	2 376.0	2 703.0	2 635.6	3 006.3	3 016.6	10.8	13.8	-2.5	14.1	0.3
Apparel and textiles	781.8	798.0	809.6	826.2	877.7	8.8	2.1	1.5	2.1	6.2
Chemical products	6 738.4	8 344.6	9 482.8	9 169.8	8 532.2	23.9	23.8	13.6	-3.3	-7.0
Drugs and pharmaceuticals	5 010.9	6 440.6	7 534.7	7 255.5	6 420.0	21.8	28.5	17.0	-3.7	-11.5
Petroleum refining and related products	453.0	645.0	602.3	362.9	266.9	42.7	42.4	-6.6	-39.7	-26.5
Machinery, except electrical	1 822.4	2 034.6	2 804.6	2 667.6	1 909.7	17.3	11.6	37.8	-4.9	-28.4
Electrical machinery	1 581.3	1 908.3	1 909.2	1 170.5	1 976.3	34.7	20.7	0.0	-38.7	68.8
Professional and scientific instruments	1 072.1	1 197.2	1 456.2	1 706.9	1 608.5	-1.0	11.7	21.6	17.2	-5.8
Other manufactures [a]	1 339.4	1 454.8	1 404.6	1 367.0	1 469.1	2.7	8.6	-3.5	-2.7	7.5
Other [b]	105.2	91.3	77.7	41.9	39.4	-19.0	-13.2	-14.9	-46.1	-6.0

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Includes tobacco, wood, paper, rubber, leather, stone, metal products, transport equipment and other. [b] Repair services and merchandise not elsewhere classified.

Table 19
MERCHANDISE IMPORTS

	Millions of dollars: fiscal years					Growth rates				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
Total imports	**14 042.8**	**15 721.6**	**15 904.3**	**15 387.3**	**16 385.9**	**18.4**	**12.0**	**1.2**	**-3.3**	**6.5**
Agriculture	216.4	251.7	182.1	161.1	178.0	34.2	16.3	-27.7	-11.5	10.5
Mining	448.3	668.1	885.7	595.4	573.0	-24.4	49.0	32.6	-32.8	-3.8
Manufacturing	12 963.6	14 573.6	14 696.6	14 486.2	15 491.6	22.5	12.4	0.8	-1.4	6.9
Food	2 050.6	2 082.8	2 021.0	2 028.4	2 020.7	4.7	1.6	-3.0	0.4	-0.4
Apparel and textiles	641.0	656.0	689.7	761.8	733.3	2.0	2.3	5.1	10.5	-3.7
Chemical products	2 906.5	3 562.8	3 689.7	3 462.1	3 688.8	56.2	22.6	3.6	-6.2	6.5
Drugs and pharmaceuticals	1 649.3	2 206.3	2 296.0	2 066.0	2 244.6	191.0	33.8	4.1	-10.0	8.6
Petroleum refining and related products	1 165.7	1 302.8	1 240.0	1 047.8	1 027.3	61.9	11.8	-4.8	-15.5	-2.0
Machinery, except electrical	966.7	1 009.7	1 157.9	1 020.8	1 013.9	34.7	4.4	14.7	-11.8	-0.7
Electrical machinery	1 160.2	1 459.4	1 374.1	1 467.1	1 852.8	22.1	25.8	-5.8	6.8	26.3
Transport equipment	1 096.2	958.7	843.2	916.7	1 227.8	-6.1	-12.5	-12.0	8.7	33.9
Professional and scientific instruments	352.9	523.9	525.9	632.9	747.4	51.6	48.5	0.4	20.3	18.1
Other manufactures [a]	2 623.8	3 017.5	3 155.1	3 448.6	3 179.6	11.8	15.0	4.6	9.3	-7.8
Other [b]	414.5	228.2	139.9	144.6	143.1	-20.8	-44.9	-38.7	3.4	-1.0

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.
[a] Includes tobacco, wood, paper, rubber, leather, stone, metal products and other. [b] Repair services and merchandise not elsewhere classified.

Table 20

MERCHANDISE TRADE BY AREA

(Millions of dollars: fiscal years)

	Exports			Imports			Trade balance		
	1991	1992	1993	1991	1992	1993	1991	1992	1993
Total	**21 323.0**	**21 051.2**	**19 790.7**	**15 904.3**	**15 387.3**	**16 385.9**	**5 418.7**	**5 663.9**	**3 404.8**
United States	18 484.4	18 410.3	17 049.7	10 739.2	10 483.5	11 335.8	7 745.2	7 926.8	5 713.9
Third countries	2 567.9	2 395.6	2 559.0	5 134.7	4 872.4	4 994.6	-2 566.8	-2 476.8	-2 436
Virgin Islands	270.7	245.3	182.1	30.4	31.4	55.4	240.3	213.9	126.7

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

Table 21

BALANCE OF PAYMENTS

(Millions of dollars)

	1989	1990	1991	1992	1993
Merchandise trade balance	916.6	1 445.1	2 532.7	2 830.3	2 494.8
Exports (goods)	17 931.6	20 644.0	22 475.9	22 507.2	21 628.1
Imports (goods) [a]	17 015.0	19 198.9	19 943.2	19 676.9	19 133.3
Real services (net)	-113.5	-146.2	-81.2	2.6	-3.4
Travel	664.9	736.4	746.4	785.5	855.3
Transport	-778.4	-882.6	-827.6	-782.9	-858.7
Factor income (net)	-8 854.8	-9 279.4	-9 623.5	-10 663.0	-11 046.0
Investment income	-8 767.5	-9 472.5	-9 973.2	-10 996.3	-11 477.2
Miscellaneous services	-460.8	-235.6	-434.0	-491.7	-548
Operating expenditures of federal agencies in Puerto Rico	543.5	581.4	627.3	666.1	774.7
Net interest of the Commonwealth and municipal governments	-170.0	-152.7	-156.4	-158.9	-204.5
Unilateral transfers (net) [b]	4 034.0	4 684.4	4 788.9	4 776.2	5 281.4
Balance [c]	-4 017.7	-3 296.1	-2 696.0	-3 371.6	-3 682.0

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

[a] Adjusted merchandise imports.

[b] Includes private remittances, Federal Government, United States state governments and transfers from other non- residents.

[c] Includes goods and services, unilateral transfers and interest of the Commonwealth and municipal governments.